

Lynn Rivers'

Capitol Corner

106th Congress, December Edition

A newsletter by Congresswoman Lynn N. Rivers representing Michigan's 13th Congressional District



December 1999

Dear Friends,

This month's newsletter is based around constant questions that I face in Congress--What should the government's role be with regard to private industry, and how will goverment regulations (or deregulation) affect individuals?

After hectic appropriations negotiations kept me in Washington through much of November, I look forward to the time I am able to spend talking with you about these issues and more at my many December District events.

Sincerely,

A stylized, handwritten signature of Lynn N. Rivers in dark ink.

Lynn N. Rivers

S. 900 Threatens Consumer Privacy

How private is the information you share with your doctor? Who learns about your financial skeletons when you apply for a loan? The recently passed Financial Services Modernization Act, S. 900, was a boon to the financial services industry, but it may be a threat to personal privacy.

The Financial Services Modernization Act breaks down Depression-era boundaries between financial services and insurance firms to help them become more globally competitive.

Domestically, however, the bill means that these affiliated institutions can share information about their customers. Ostensibly, this will allow companies to improve customer service, but the possibility that it will also allow them to deny service or discriminate is simply too great. For this
(*Privacy*, page 3)

Corporate Welfare

"Corporate Welfare"-- the phrase brings up images of unscrupulous CEOs dressing down to stand in the federal payroll line, but the business supports grouped under that moniker also include programs that promote innovation, sustain small businesses, and stabilize communities. When it comes to federal spending on private industry, one man's welfare is often another's wise investment.

What is "corporate welfare"? The CATO Institute, a libertarian think tank, describes it as "any government spending program that provides unique benefits or advantages to specific companies or industries." CATO classifies subsidies, grants, price supports, cut-rate insurance, low-interest loans, loan guarantees, trade restrictions, and tax exemptions as welfare.

By contrast, a report by the Congressional Budget Office differentiates between corporate welfare and business supports. Business supports are programs with the central goal of promoting commerce and industry. They benefit companies and consumers by
(*Welfare*, page 3)

Washington Office
1724 Longworth H.O.B.
Washington, D.C. 20515
(202) 225-6261

email
Lynn.Rivers@mail.house.gov
internet
<http://www.house.gov/rivers>

13th District Office
301 W. Michigan Ave., Ste. 400
Ypsilanti, MI 48197
(734) 485-3741

Is It Welfare?

			FY 1999 Estimated Appropriation*
Program	Program Benefits	What the Critics Say	
Small Business Association	The program promotes small business generally and aids businesses owned by socially and economically disadvantaged people.	The program is vulnerable to contractor abuse. This same criticism has been made of the Minority Business Development Agency.	\$550 million
Overseas Private Investment Corporation Program	Provides below market loans and risk insurance for U.S. firms that wish to enter emerging markets. The program thus expands opportunities for U.S. firms and aids the economic development of foreign nations.	The U.S. acts as a foreign venture capitalist, but gets only modest fees in return. The program also rewards foreign investment at the expense of U.S. jobs.	\$75 million
International Space Station	Designed to be an international laboratory in low earth orbit. Scientists hope it will lead to breakthroughs in materials development, establish a permanent human presence in Earth orbit, and lead to greater international cooperation.	The project is over budget and behind schedule. There are doubts that our major international partner, Russia, will keep its commitments, and many scientists argue that the experiments planned can be done less expensively here on earth.	\$2.4 billion
Mass Transit Subsidies	Mass transit construction and operation is subsidized through a number of federal programs. More transportation options may decrease congestion, and improve air quality—making transit a public good that benefits drivers and transit users alike. Subsidies to decrease direct rider costs encourage use by residents of all income levels.	Construction of mass transit may be a public investment, but fares should be priced to cover operating costs. This would also discourage the construction of unprofitable transit systems.	FY 1999 Capital Investment Grants only: \$2.3 billion FY 1995 est. total: \$11 billion
Commodity Credit Corporation	Designed to enhance farm income, support prices, and to stabilize the market for agricultural products through loans, purchases, etc. Commodities supported include sugar, milk, rice, cotton and wheat. The program maintains the profitability of U.S. farms.	The benefits are often concentrated among a few farms, there is no assurance that the program is contributing to commodity growth, and it artificially inflates consumer prices.	\$31.2 billion
Advanced Technology Program	Created to accelerate the innovation and commercialization of high risk, broad benefit technologies. The highly competitive program has produced over three dozen successful products and process improvements—many of which would have been too expensive for the companies to initiate on their own.	ATP funds research projects that would be funded by the private sector.	\$231 million
Brownfields Redevelopment	Provides grants and loan guarantees to help communities clean up and develop low-level contaminated sites. The program relieves new owners of some clean up liability, making it more financially feasible to redevelop old sites. The program thus aids efforts to rejuvenate inner cities and slow growth.	The original polluters and future developers should shoulder clean up costs, not the federal government. This program ends up subsidizing what may become highly profitable developments.	\$50 million
Sematech	Program is intended to help the U.S. microchip industry compete with Japan.	The industry is dominated by the 14 largest chip producers (who receive Sematech funding), unfairly handicapping smaller corporations.	FY 1995: \$1.5 billion

*Source: FY 2000 White House Budget Appendix. Please note: FY 1999 figures do not include offsets or federal administrative salaries and expenses.

Community Clippings

Did you know that Canton once had nine one room school houses?

Canton parents didn't want children to walk more than an half mile to school so the school houses were located equidistant from each other. Eight grades and a kindergarten were held in each school, and who attended was governed by the length of their walk. The schools were co-educational.

The school year was governed by the requirements of agricultural life. Students had planting and harvesting season off.

The schools were later consolidated, but a number of the buildings remain intact. One school serves as the Canton's historical museum. Two have been converted into residences, and one school was enlarged to two rooms by Henry Ford for city use.

(*Welfare*, from cover)

aiding the development of products that would be too risky or expensive for private industry to develop on its own. Corporate welfare is defined as money transferred from the federal government to business, which accomplishes no other public purpose.

If some corporate welfare can be beneficial, why do some groups oppose it entirely? The Progressive Policy Institute argues that subsidies weaken market incentives for firms to become more efficient and productive and place unsubsidized sectors and firms at a disadvantage. PPI also believes that subsidies are socially regressive, because the direct beneficiaries of government supports are shareholders in the industries whose rates of return have been artificially subsidized. PPI, like the CATO Institute, holds that government subsidies distort a free market economy.

However, as you can see from the contested programs on page two, government investment can accomplish social and national goals that the private sector overlooks.

(*Privacy*, from cover)

reason, I voted against the bill.

The following are key aspects of the bill which consumers concerned about their privacy should know:

- S. 900 requires financial institutions to "clearly and conspicuously" tell consumers their practices and policies regarding the disclosure of non-public personal information to affiliates and non-affiliated third parties.
- Consumers may "opt out" of sharing their personal information with non-affiliated third parties. The provision prohibits banks from releasing information only if the consumer has specifically instructed the institution not to share information. Customers cannot opt out of sharing their information with third parties contracted to perform services on behalf of the financial institution. Once customers decide not to opt out of sharing their personal information, however, they cannot change their minds, only switch financial institutions.

- Non-affiliated third parties given access to customers' personal information may not pass this information on to any other non-affiliated third parties.

- Unless the firm is contracted by the financial institution, financial institutions may not disclose, customers' account numbers or similar access numbers to non-affiliated third parties for use in telemarketing, direct mail marketing, or e-mail marketing.

S. 900 puts the onus on consumers to protect their personal information from misuse. I encourage you to look at the fine print when dealing with insurance companies and financial institutions.

Lynn Rivers' Capitol Corner

If you would like to receive this monthly newsletter in the mail, please return the form below. If you have already sent in the form once, you need not send it again.

Congresswoman Lynn Rivers
301 W. Michigan Ave., Suite 400
Ypsilanti, MI 48197

(Mr./Mrs./Ms.)

Name

Address

Lynn is hosting the following events in December:



Office Hours

Thursday, December 9

8:30am-10:00am
Modern Coney (Kroger Plaza)
5912 Middlebelt Rd.
Garden City

Tuesday, December 14

8:30am-10:00am
Tim Hortons
41276 Ford Rd.
Canton

Wednesday, December 15

8:30am-10:00am
Silverman's Restaurant
36480 Plymouth Rd.
Livonia

Friday, December 17

8:30am-10:00am
Mr. Muggs Coffee & Cue
217 W. Michigan Ave.
Ypsilanti



Town Hall

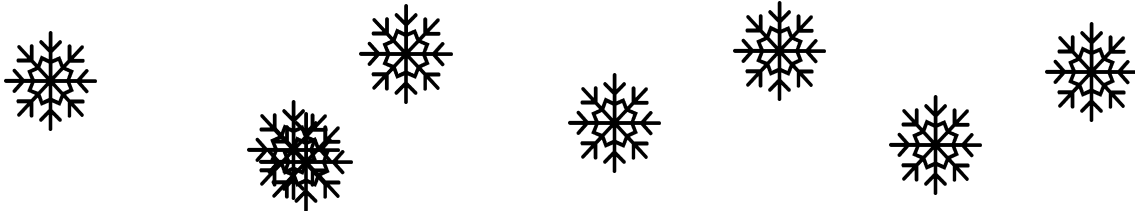
Thursday, December 2

7:00pm-8:30pm
South Middle School
45201 Owen St.
Belleville



Forum

Lynn's December Forum, "Healthcare in America," has been postponed until after the New Year. Please call the 13th District office for details.



U.S. HOUSE OF REPRESENTATIVES
Washington, DC 20515-2213

Official Business

THIS MAILING WAS PREPARED, PUBLISHED, AND
MAILED AT TAXPAYER EXPENSE

Lynn A. Rivers

M.C.
Bulk Rate

**13th Congressional District
Constituent**